

Idaho Property Taxes and the Idaho Tax Structure

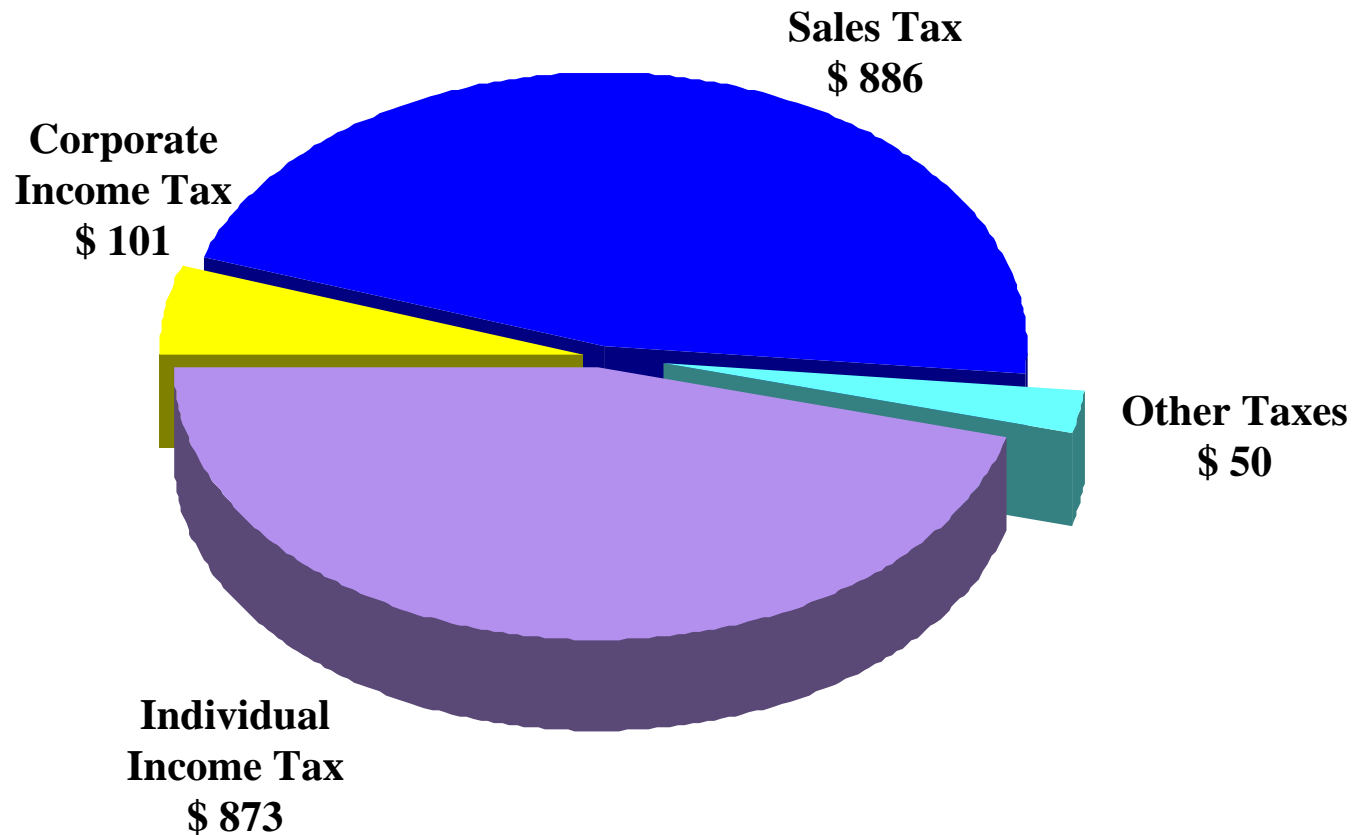
Dan John

Tax Policy Manager

Idaho State Tax Commission

June 2005

Idaho Fiscal Year 2004 General Account State Tax Revenue

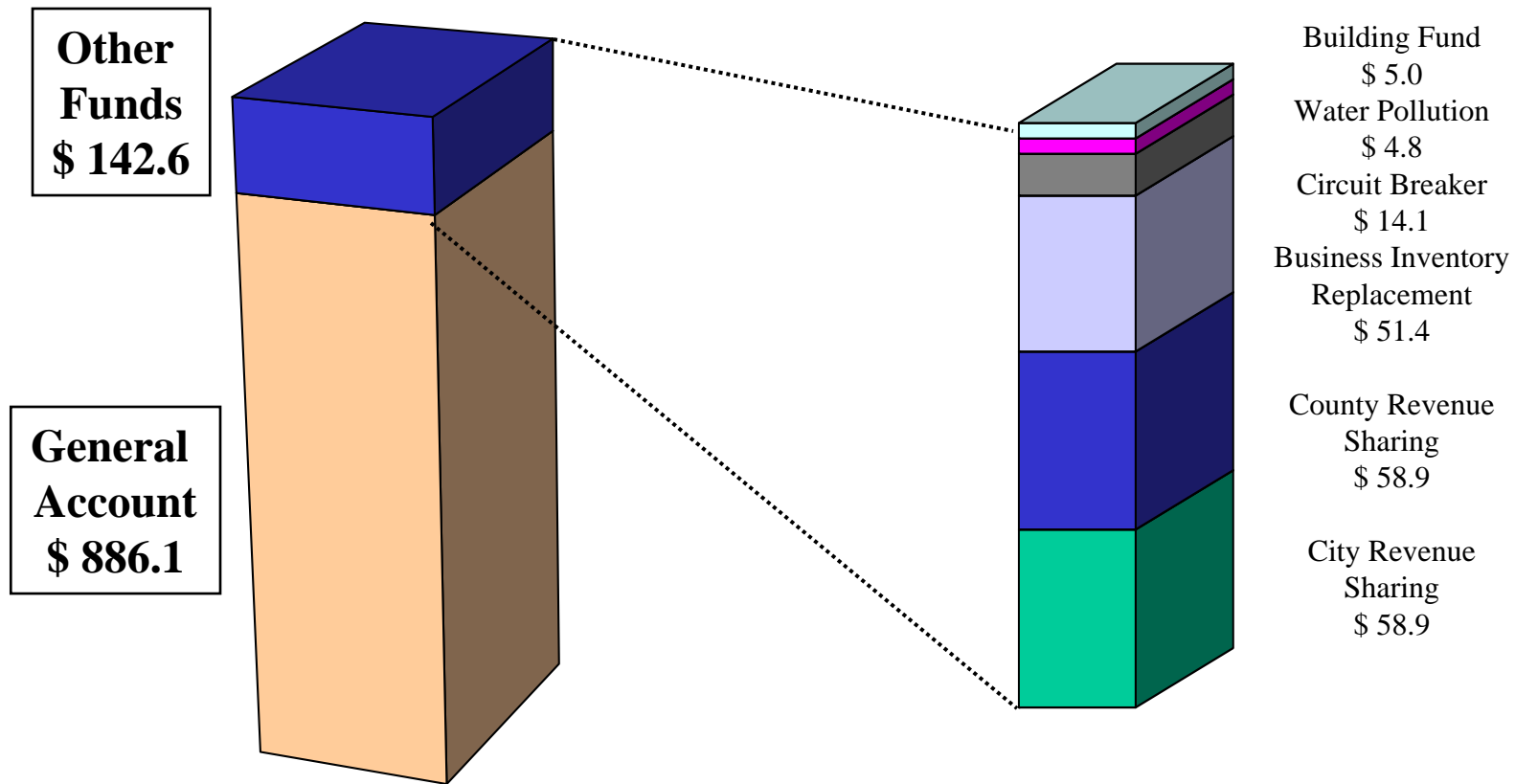


Millions of Dollars
Represents funds that
go to the general fund
refunds have been deducted.

Where the money came from.

Where the Sales Tax Goes

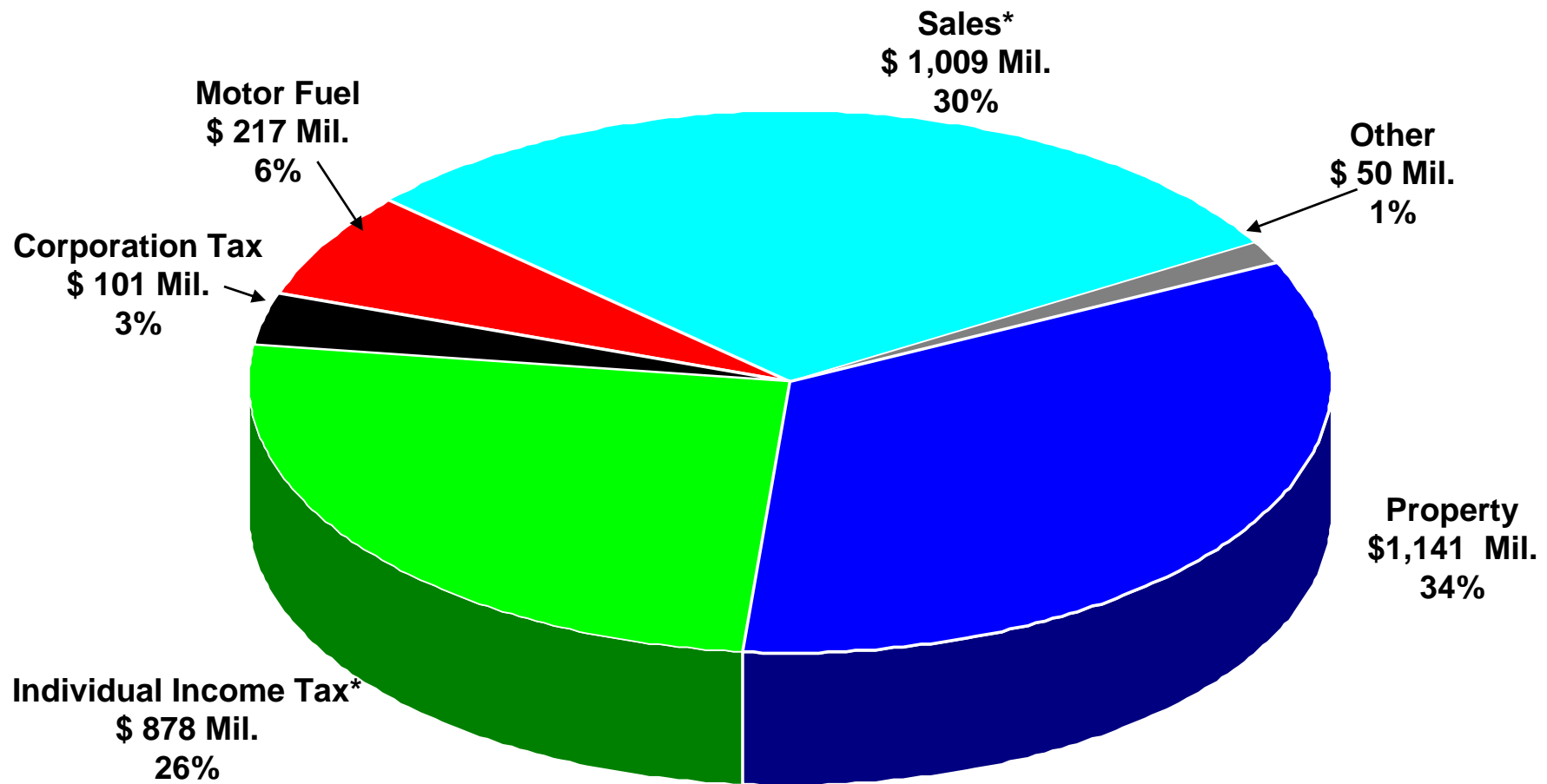
\$ Million in Fiscal Year 2004



Building Fund increased to \$5 million in 2001.

Idaho Fiscal Year 2004 Revenue

State and Local Tax Revenue



Where the Money Came From

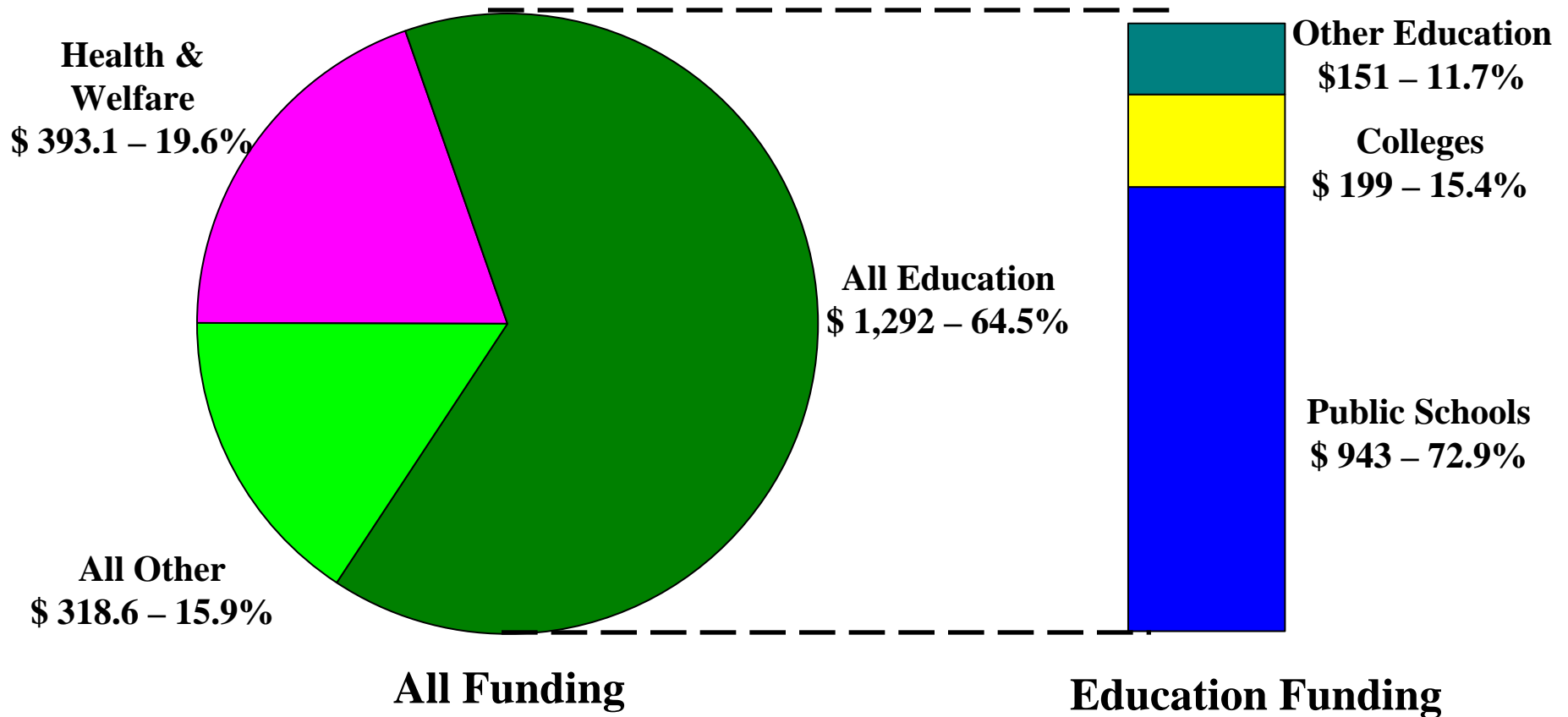
Millions of Dollars

Property Tax is Calendar 2004

* Sales Tax include revenue sharing; Income Tax includes Permanent Building Fund.

Idaho Fiscal Year 2004

General Account Appropriations

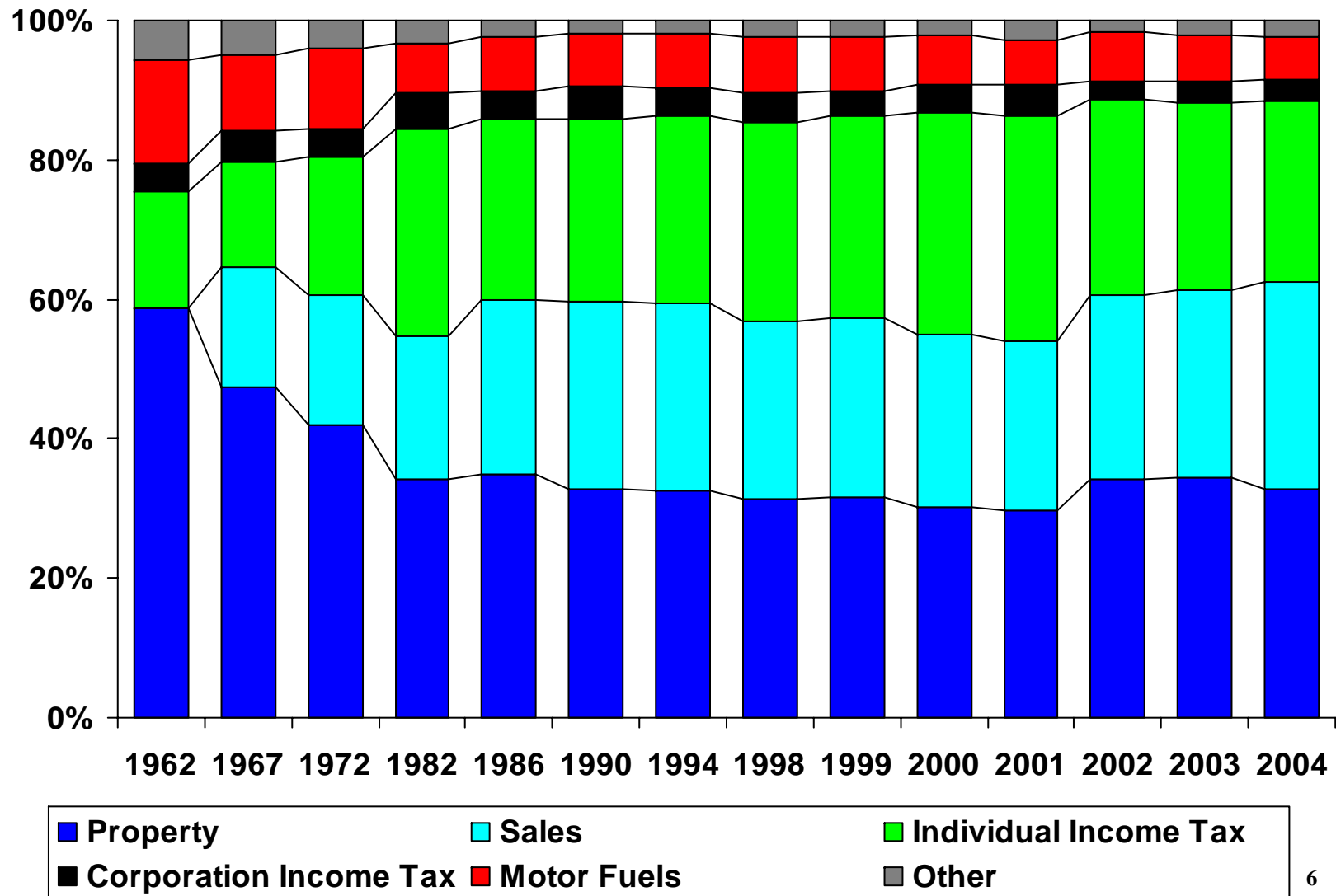


Millions of Dollars

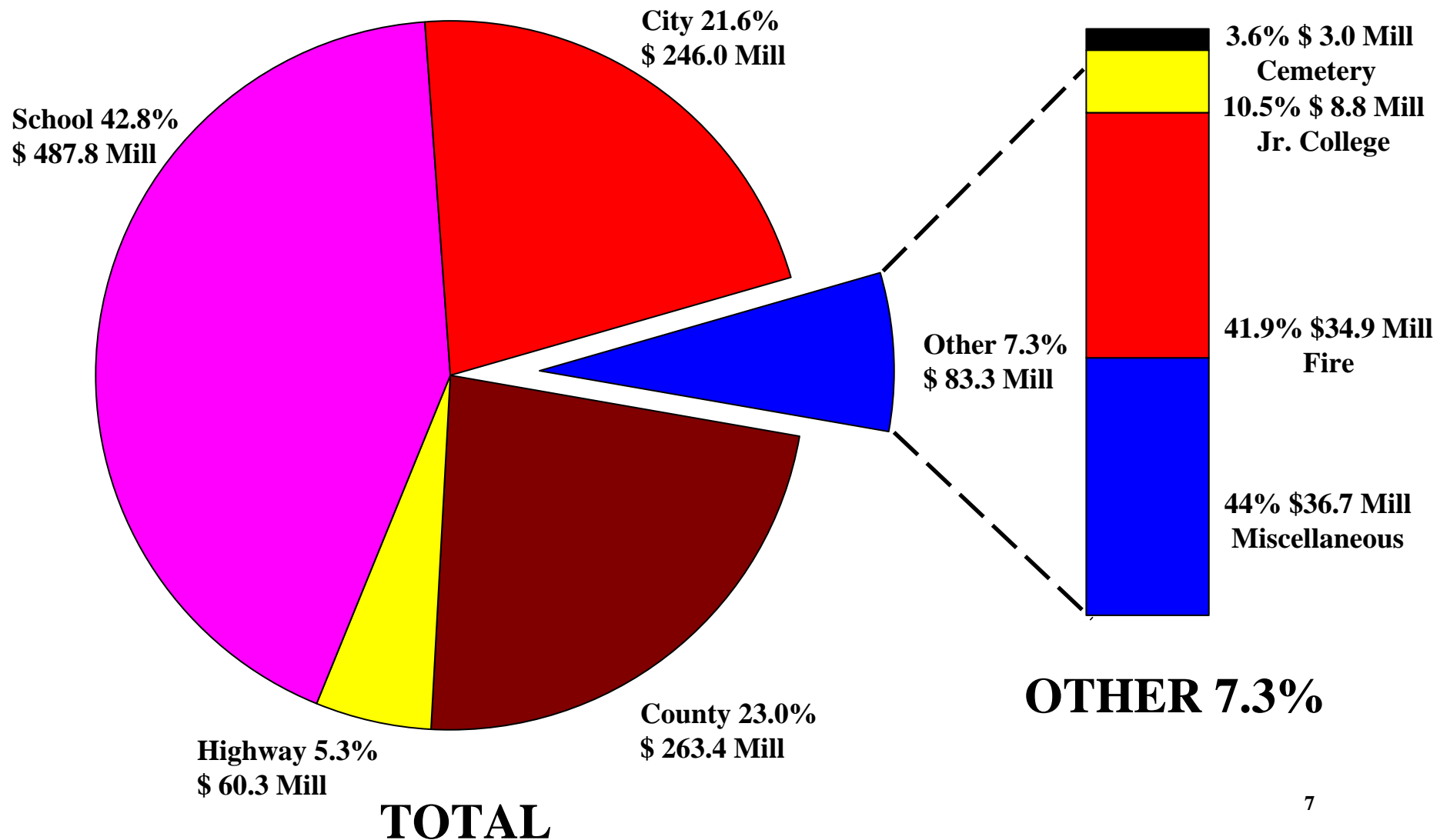
TAXES COLLECTED IN IDAHO

PROPORTION OF STATE & LOCAL TAX REVENUE

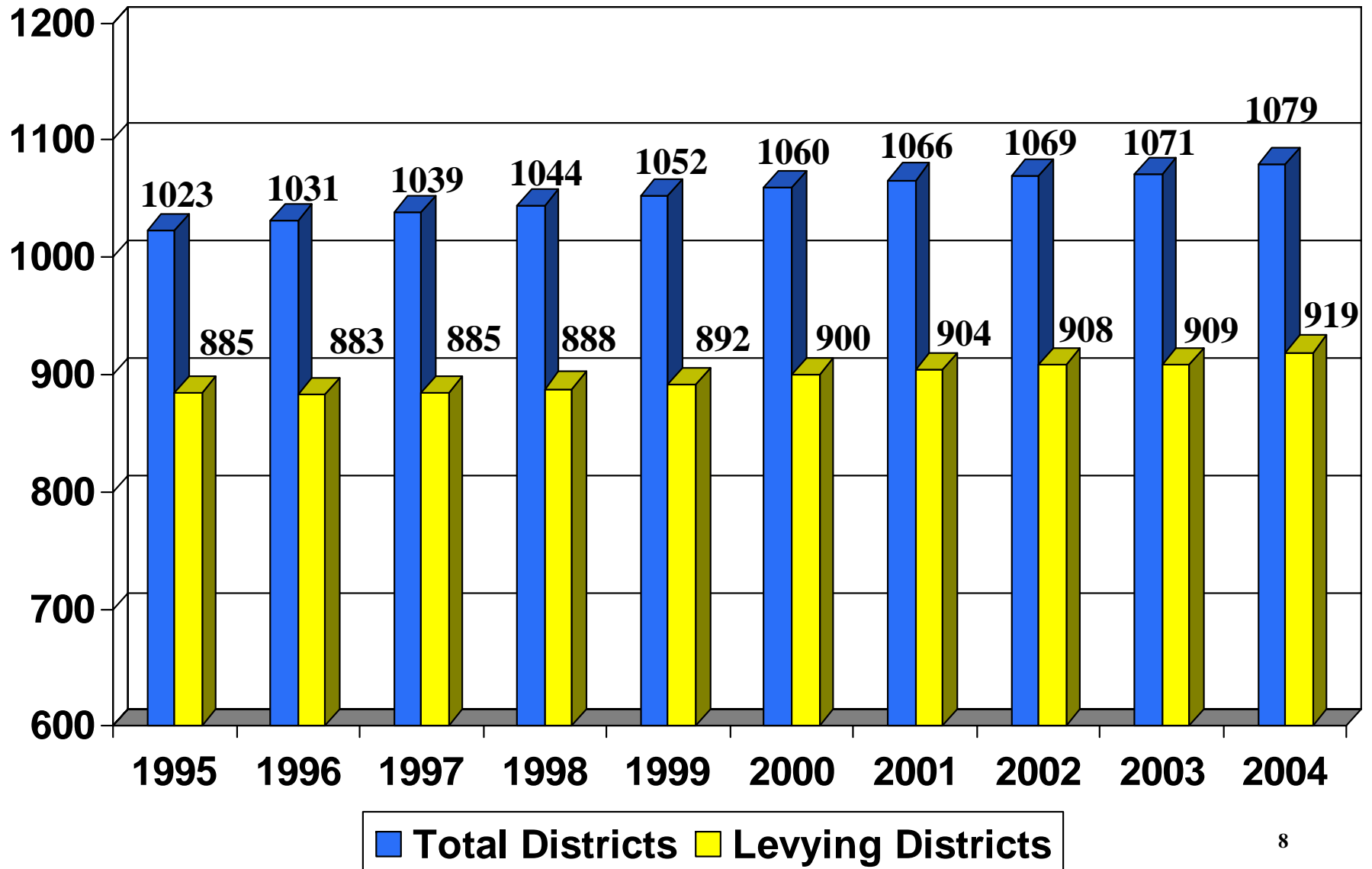
PROPERTY TAX IS CALENDAR YEAR; OTHERS ARE FISCAL YEAR



2004 Property Tax Use

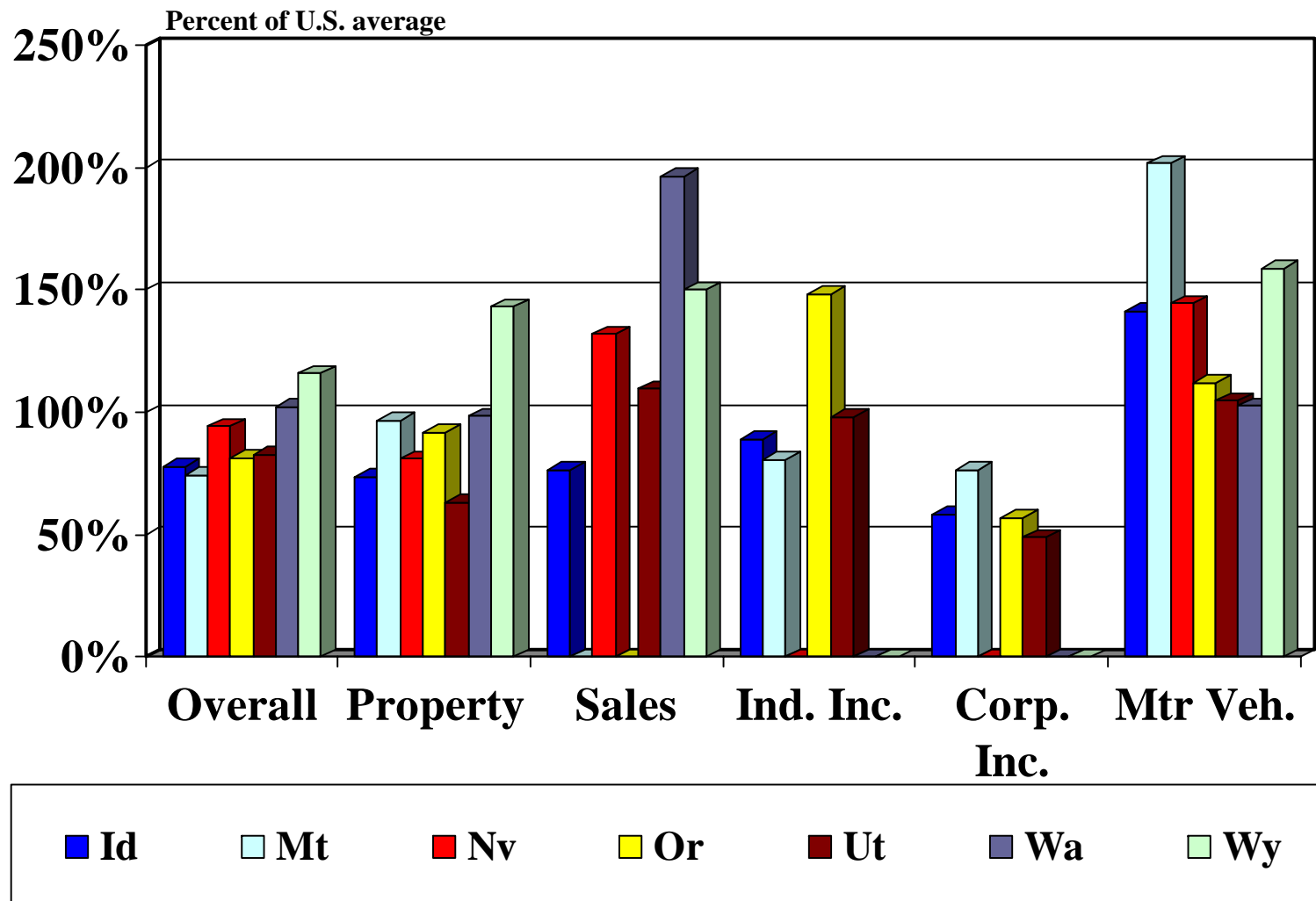


Taxing Districts



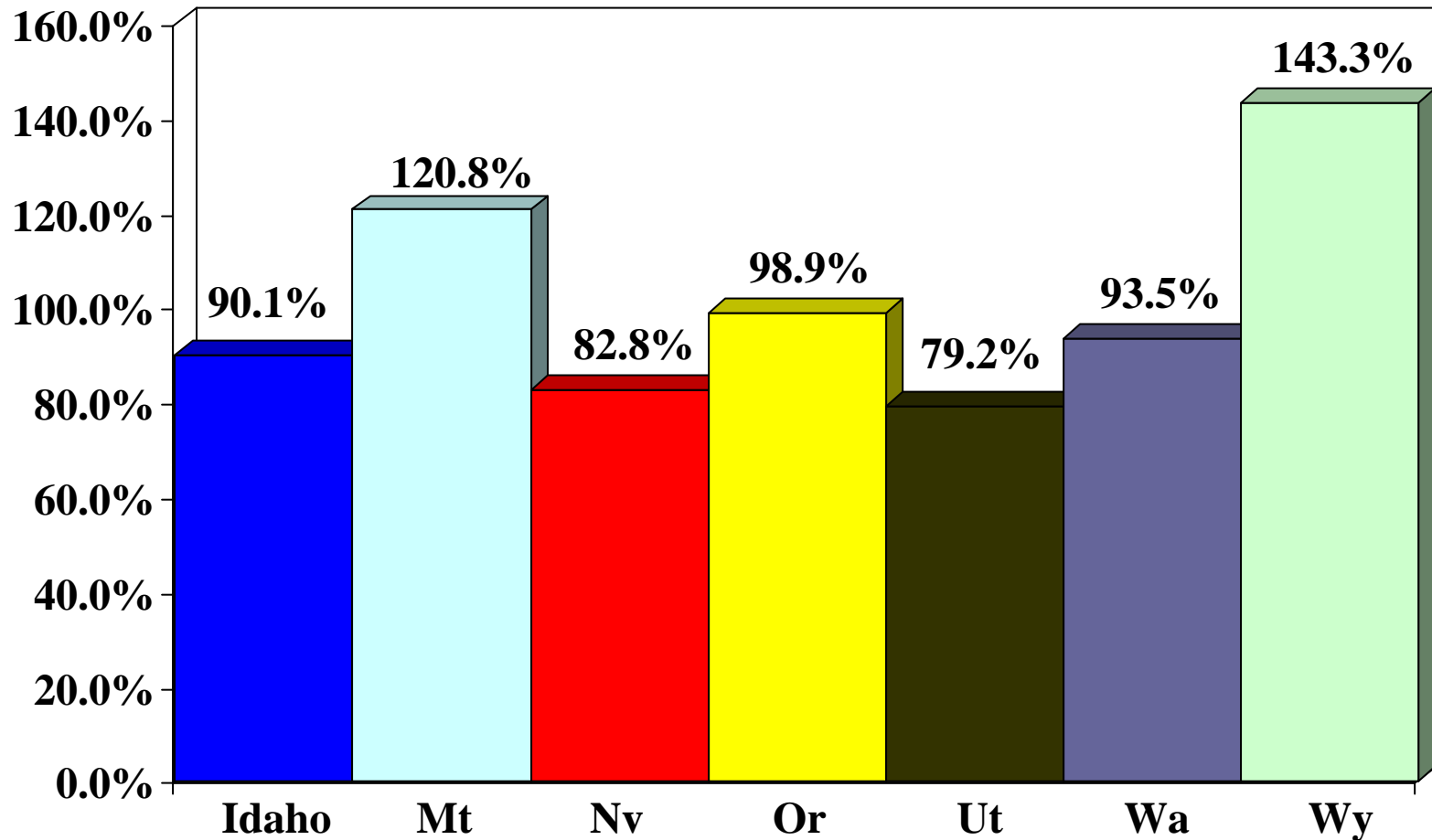
Fiscal Year 2002 Tax Burden

Idaho vs. Neighbor States



Based on per capita taxes. States compared to U.S. average.

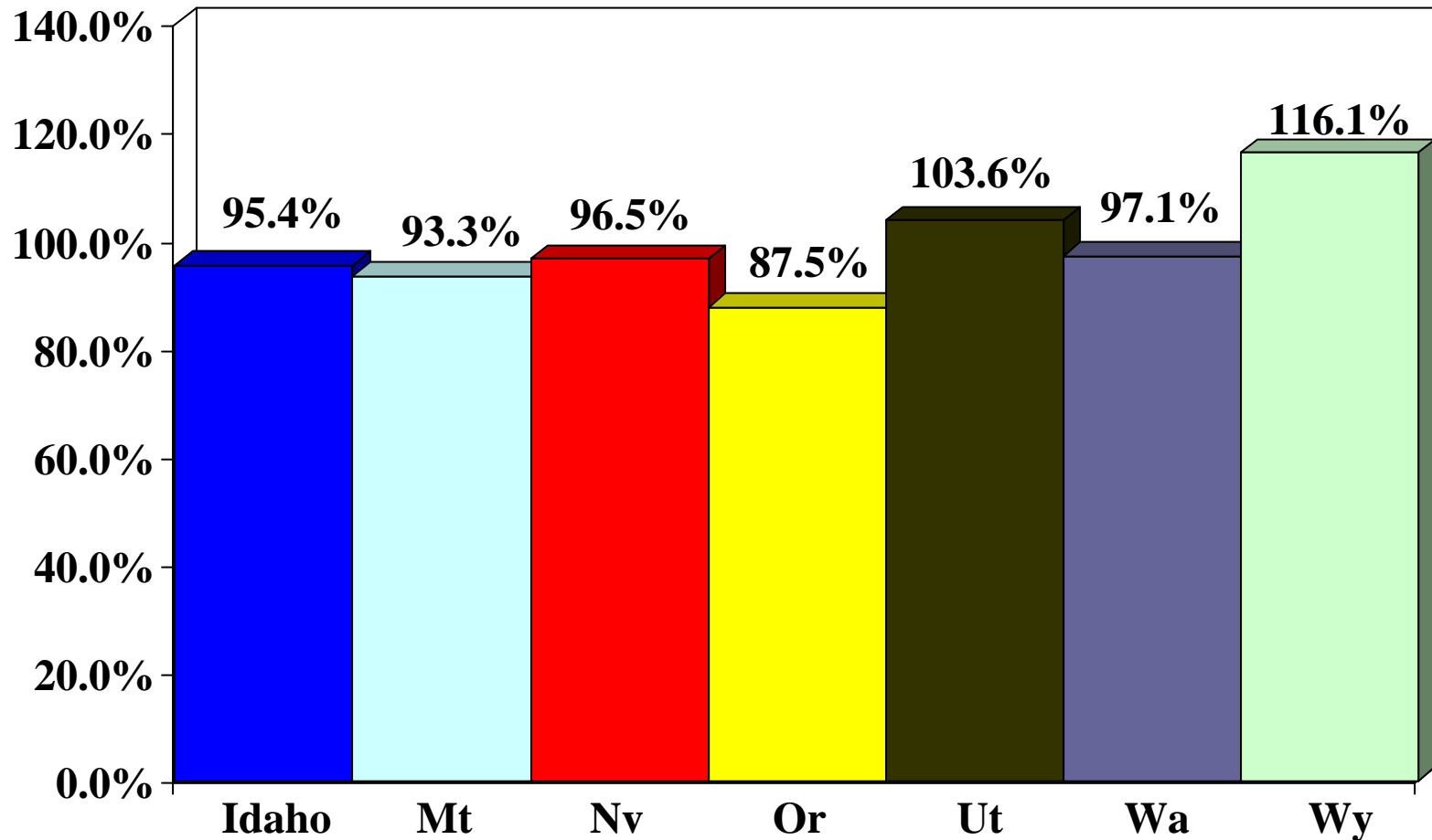
FY 2002 Property Tax Burden Idaho vs. Neighbor States



Based on taxes per \$ of income.

FY 2002 Overall Tax Burden

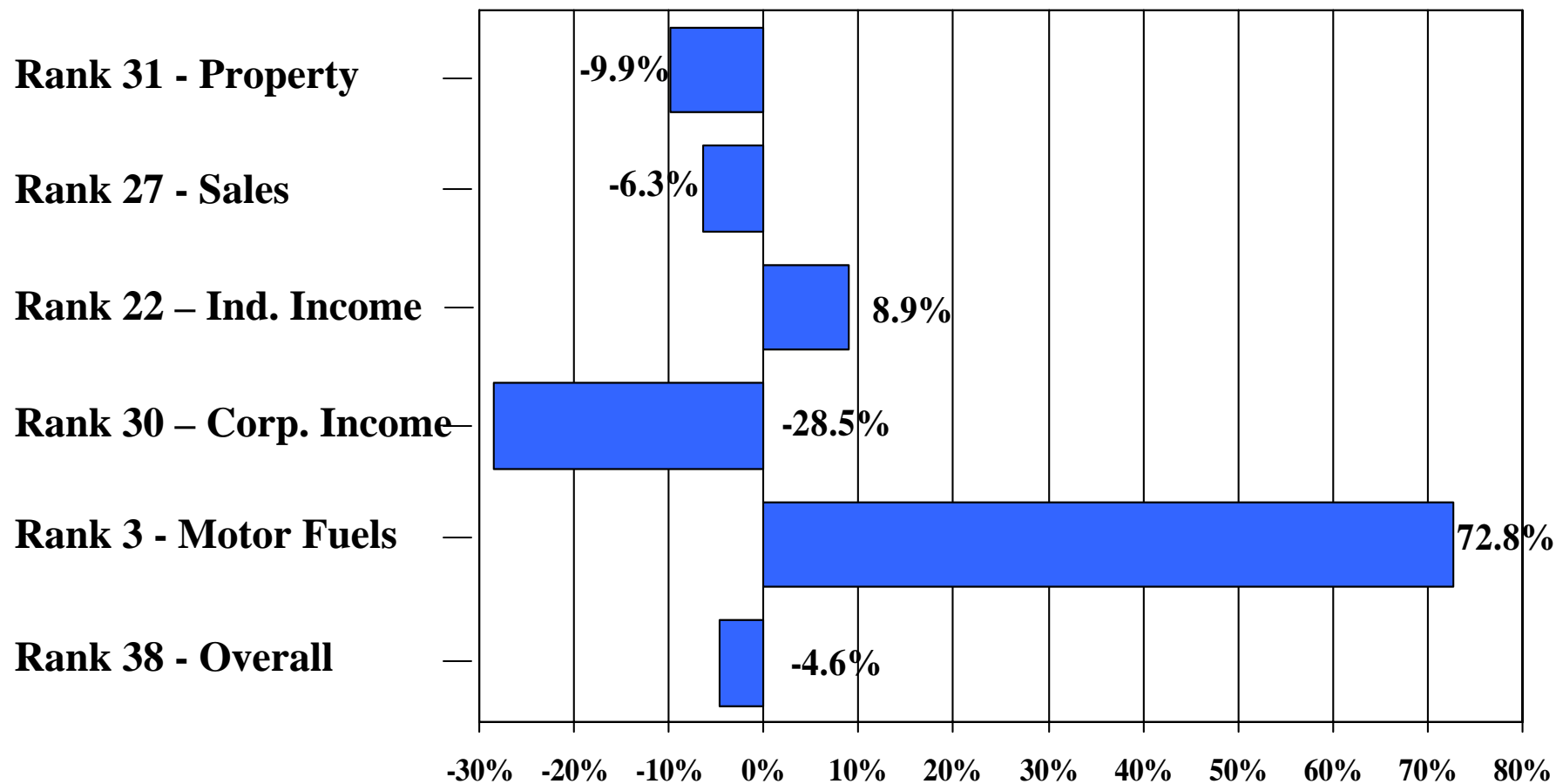
Idaho vs. Neighbor States



Based on taxes per \$ of income.

FY 2002 Taxes Idaho vs. U.S.

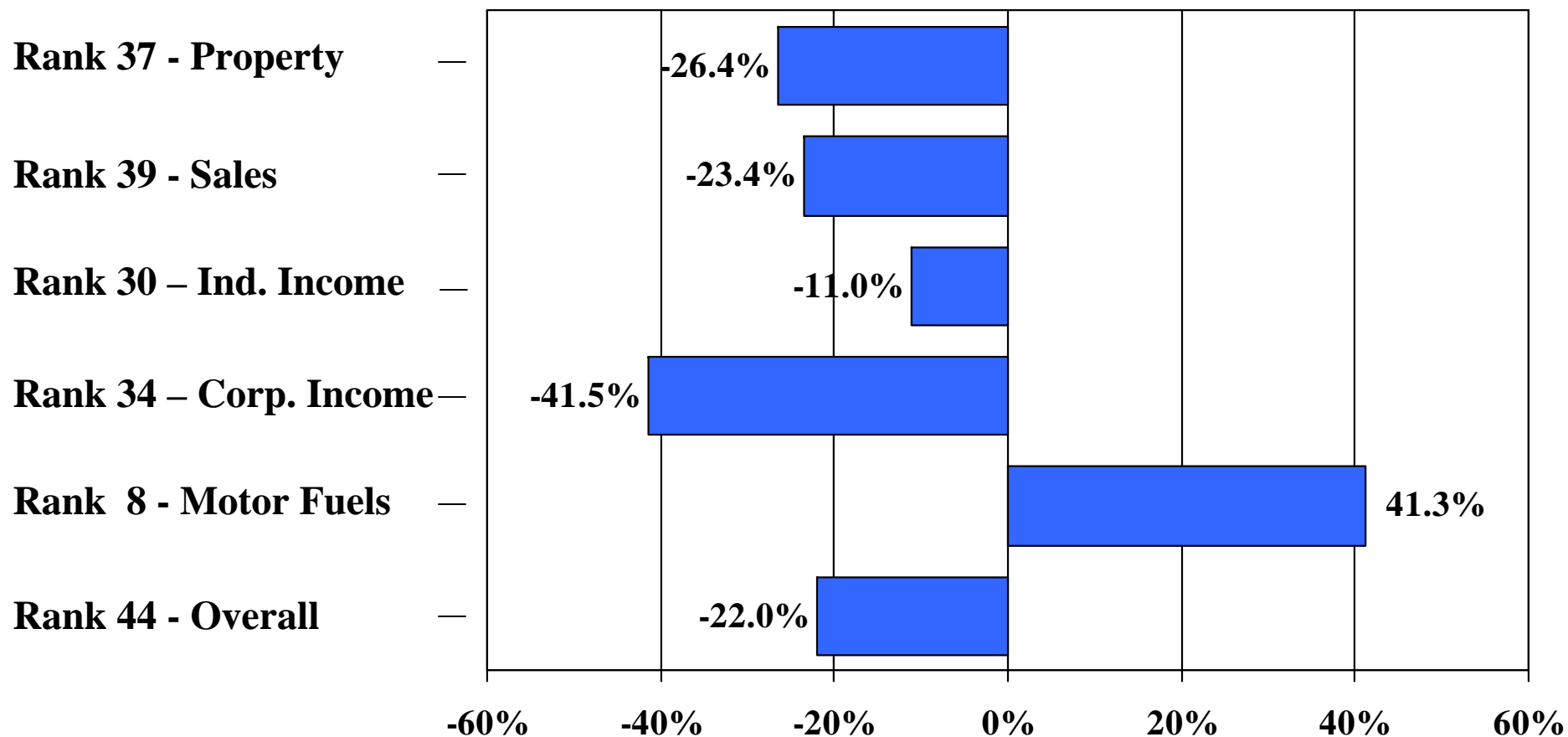
Type of Tax



Rank of 1 = highest tax
Based on Taxes per \$ of income

Percent Difference from U.S. Average ¹²

FY 2002 Taxes Idaho vs. U.S.

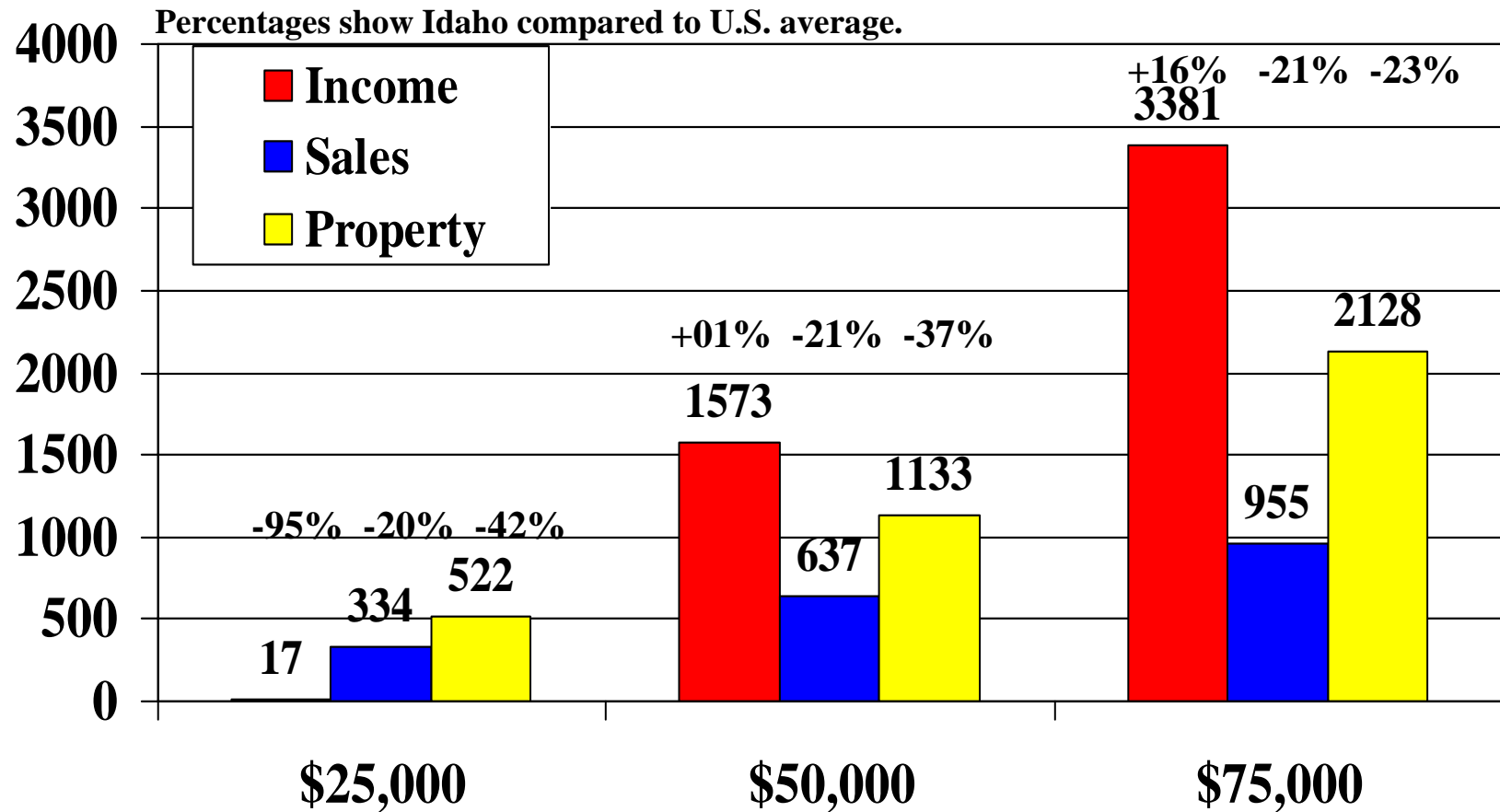


Rank of 1 = highest tax
Based on Taxes per person

Percent Difference from U.S. Average ¹³

Estimated 2002 Taxes

Per Family - various income levels

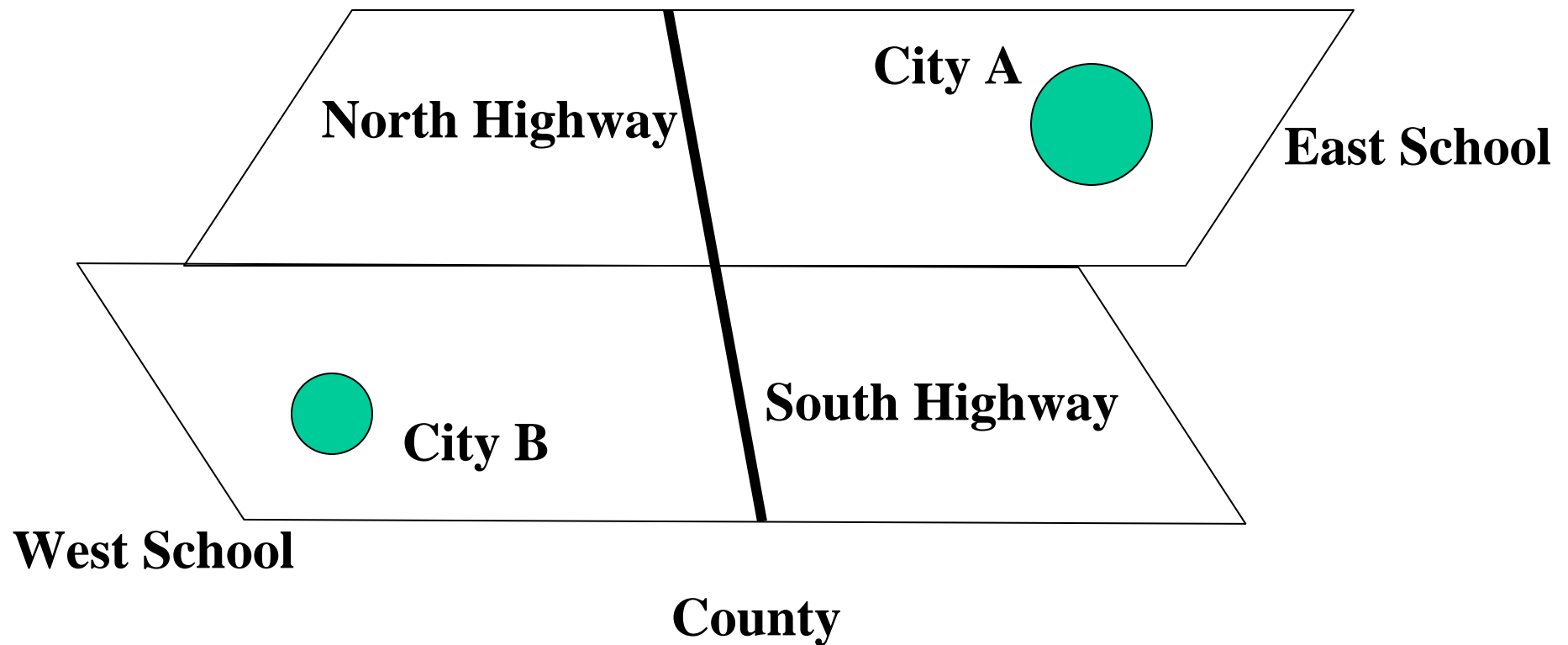


Estimates for Boise, based on
District of Columbia studies of largest cities
in each state.

\$ Income

Taxing Districts and Tax Code Areas

Hypothetical County



How are Levies Calculated?

- Each property is appraised to find its market value.
- All values within a taxing district (school, city, etc.) are summed.
- Homeowner's (and other) exemptions are subtracted.
- The taxing district computes its property tax budget by subtracting other revenue sources.
- The levy rate is the property tax budget divided by the net taxable value.

Example:
$$\frac{\$ 80,000}{\$10,000,000} = 0.0080 = .80\%$$

YOUR PROPERTY TAXES

How are they Calculated?

1. Levies for your taxing districts are added together:

a) County b) School c) City d) Special Districts

2. The total of these levies is multiplied by your taxable value to determine your tax.

Example of Computation

Assume levy = 0.01743 (average urban ooc-residential rate in 2004)

House Value: \$ 60,000

Lot Value: \$ 15,000

Total Value: \$ 75,000

Less Homeowner's Exemption: <\$ 30,000>

Taxable Value: \$ 45,000



$$\text{\$ 45,000} \times 0.01743 = \text{\$ 784}$$

Effective tax levy: $\text{\$ 784} \div \text{\$ 75,000} = 1.05\%$

Limits on Property Taxes in effect since 1995

- **School M&O levies limited to 0.003* multiplied by prior year value.**
- **Funds of taxing districts limited to certain maximum levy rates.**
- **Portion of taxing district budget derived from property tax can increase up to 3% per year, plus an amount for new construction and annexation.**
- **There is no limit on the amount that an individual's property tax can increase from year to year -**
- **Depends on distribution of value --**
- **Did your property value increase faster than other property?**

*** = Boise School's multiplier is 0.00664167**

2004 Breakdown of Property Tax Increase/Decreases

Cause of increased property tax	Potential increase amount*
3% general cap	\$18.0 million
Increases in school bonds, judgments, and school exempt levies other than M&O	\$12.8 million
Decreases in school judgment funds	\$ <3.1> million
Increases <decreases> in non-school bonds and voter-approved levies	\$ <3.9> million
Increase in school M&O property tax	\$ 9.9 million
Additional dollars available due to new construction	\$20.0 million
Additional dollars available due to annexation	\$2.8 million
Increase <decrease> due to new levies in 2003 or existing districts not levying in 2003	\$ 1.1 million
Property tax increase <decrease> due to use of Foregone Amount	\$ 3.3 million
Increase due to re-establishment of Kootenai County property tax relief	\$ <1.2> million

Boise Homeowner Property Tax

1980 vs. 2003



1980:

Value (average sale): \$ 45,587
Tax: \$ 484



2003:

Value (average sale): \$ 166,770
Tax: (Ada TCA1001) \$ 2,094



2003 Inflation Adjustment:
Tax: \$ 891

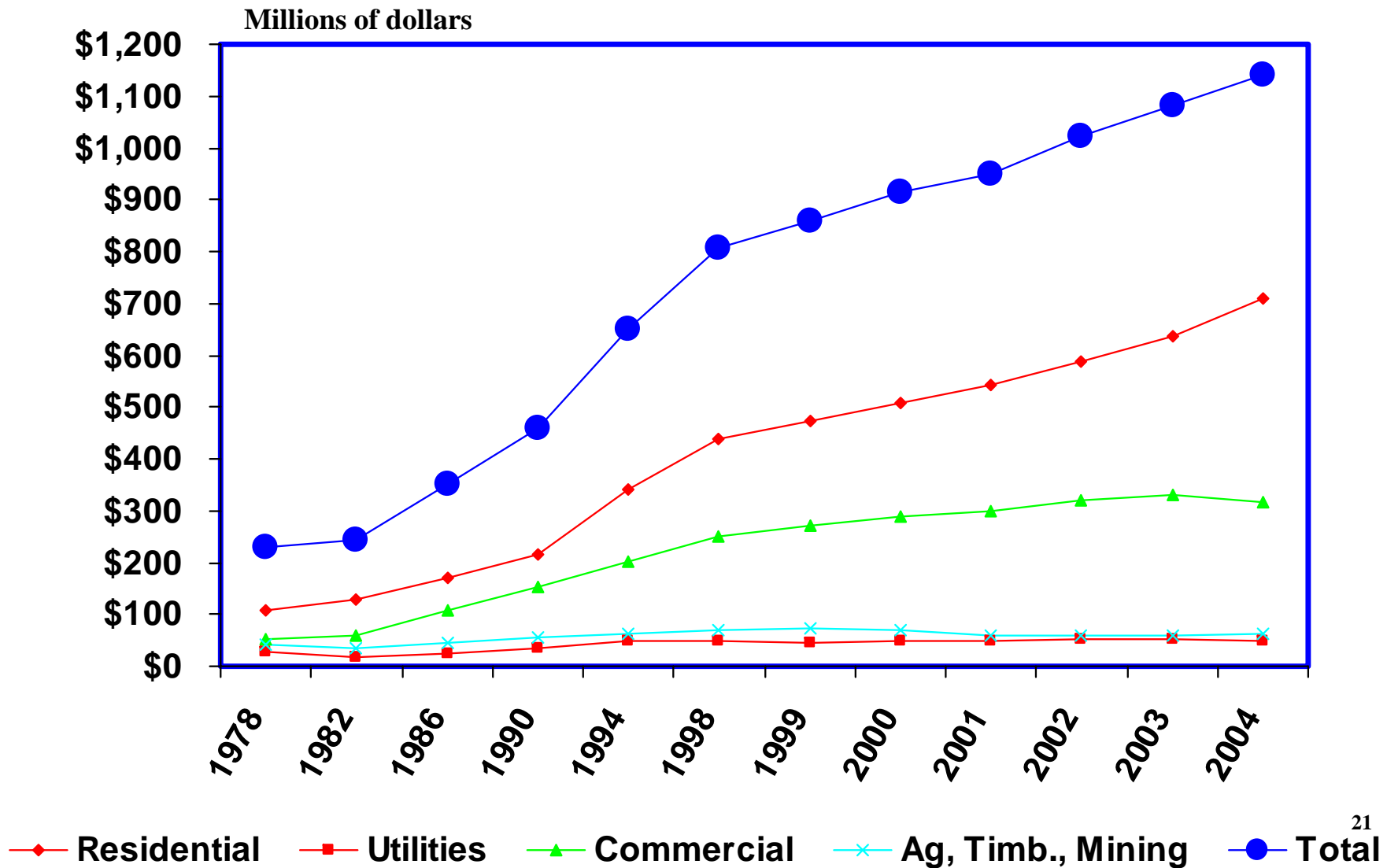
Constant dollar annual increase: 2.7%

2003 values based on 2002-03 sales and 2003 tax rate.

PROPERTY TAXES

by Major Category of Property

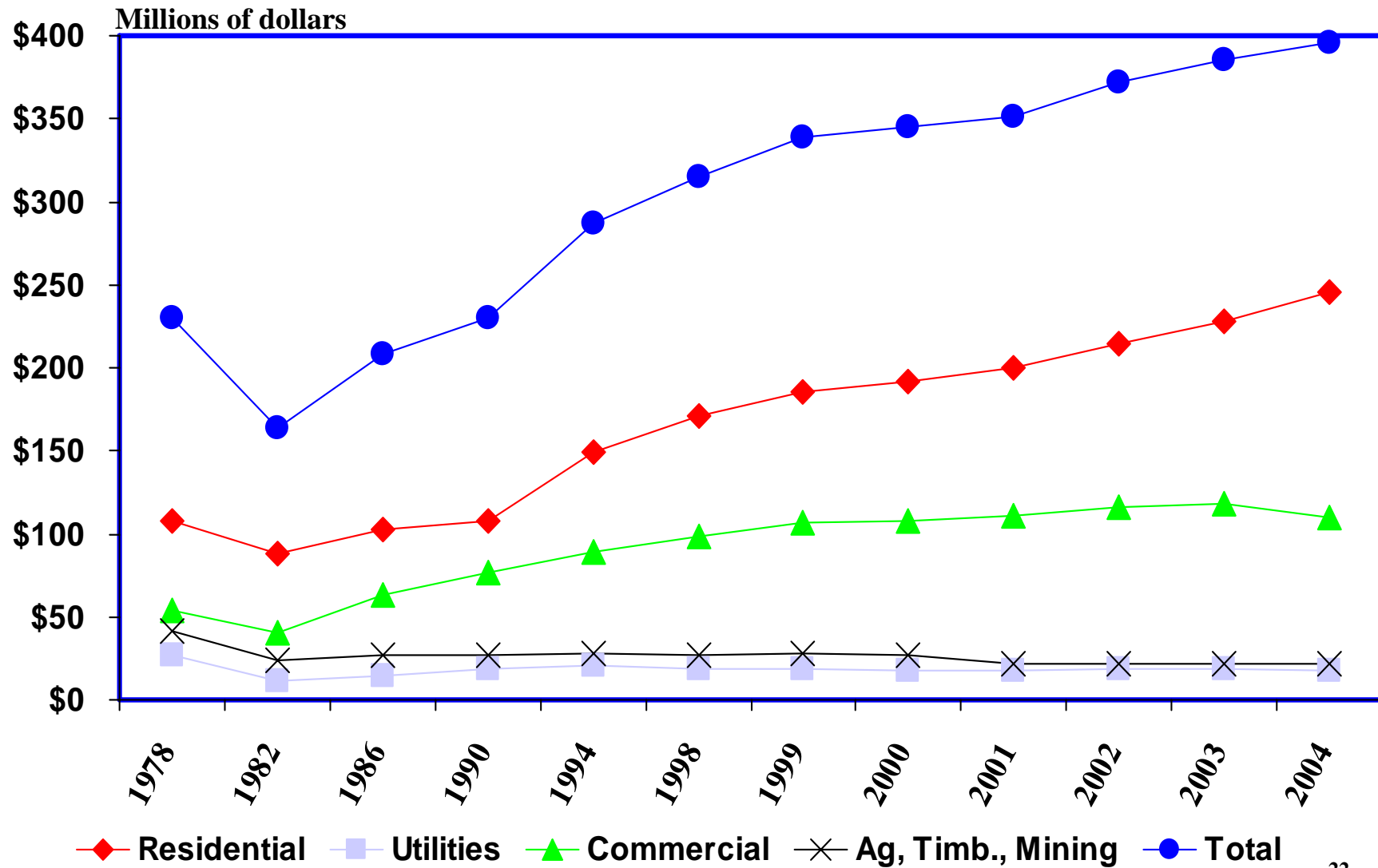
CURRENT DOLLARS



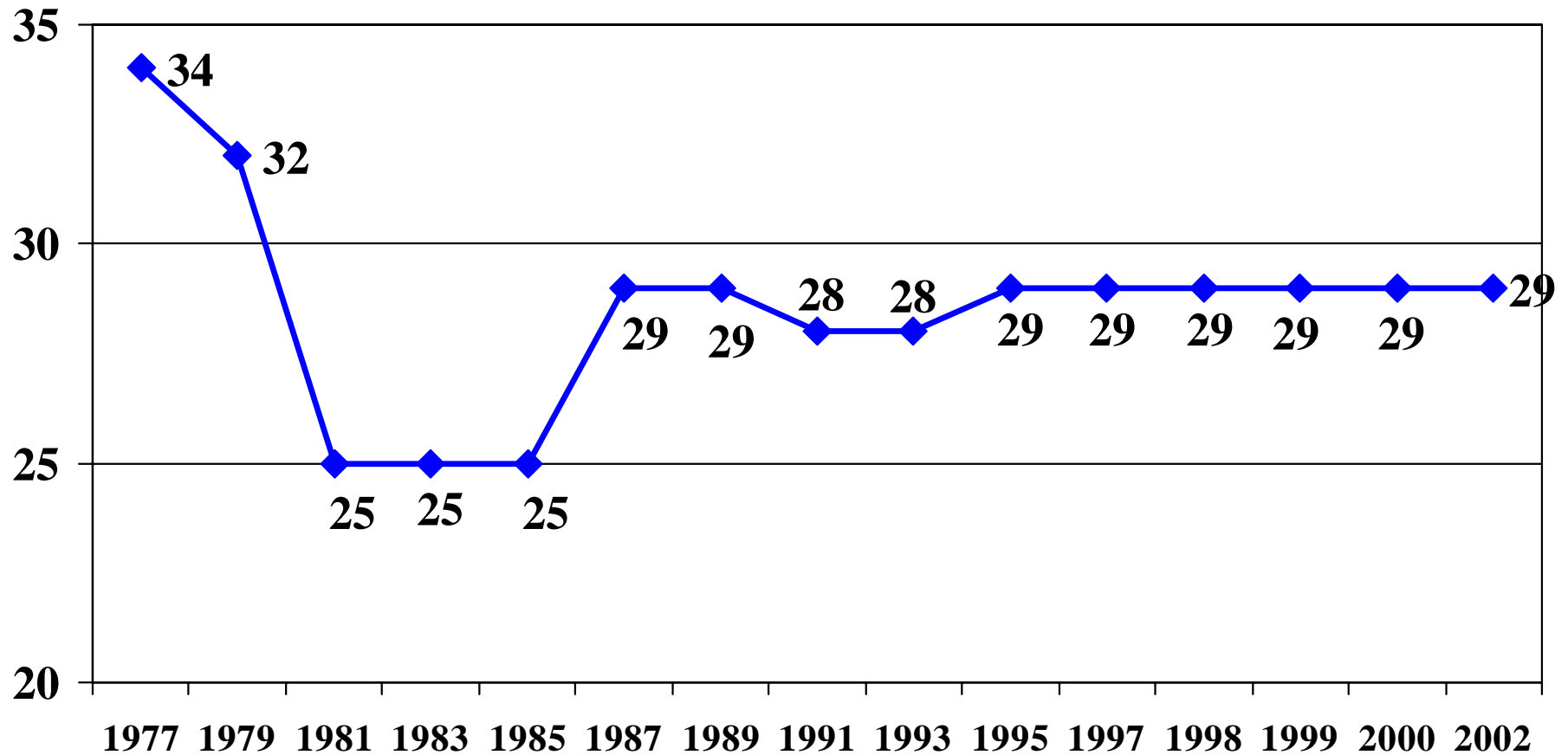
PROPERTY TAXES

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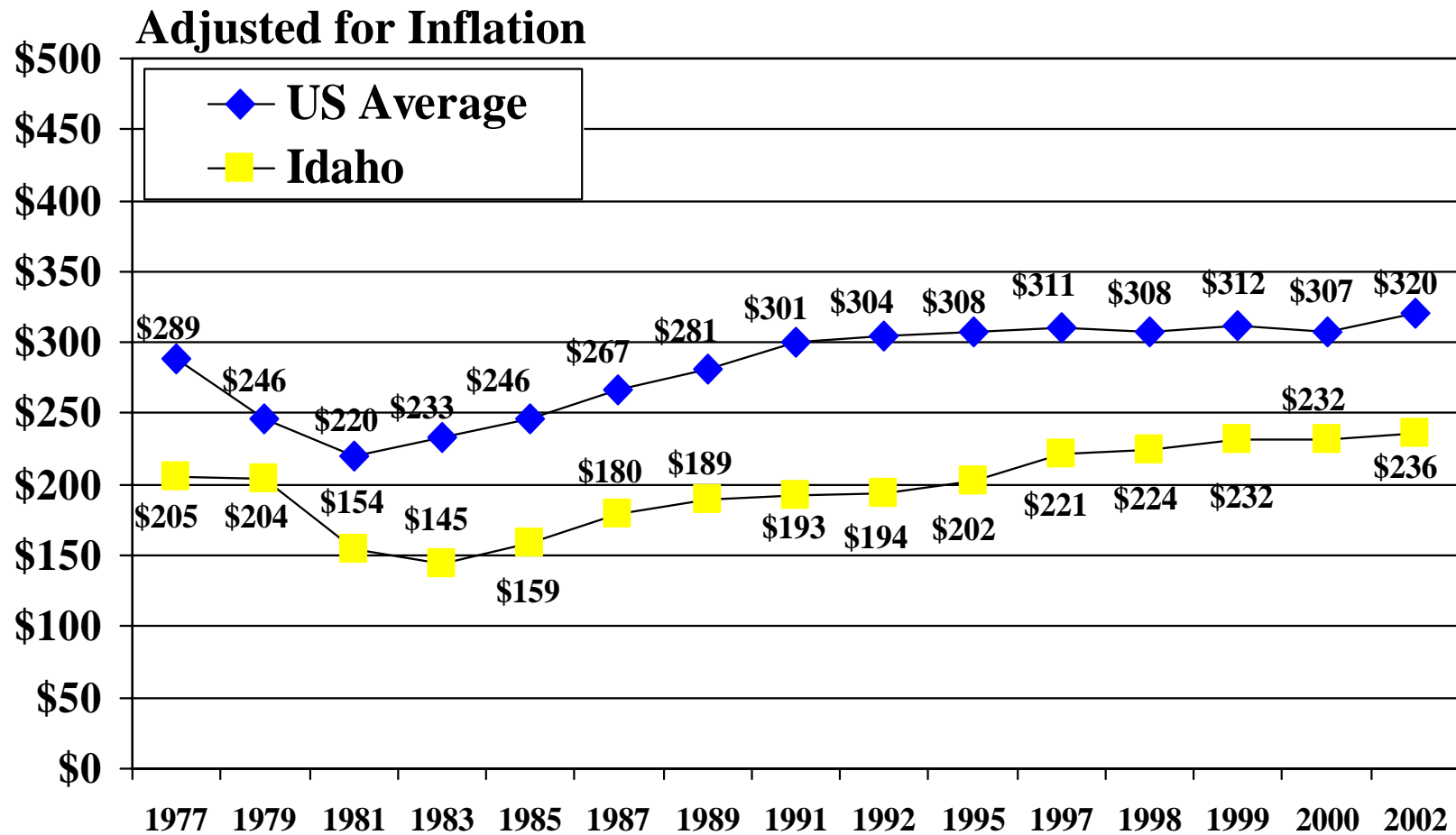
Constant 1978 Dollars



Idaho Property Tax per \$1,000 Personal Income



Per Capita Property Taxes Idaho vs U.S.



Based on U.S. Census Information
Values adjusted to January 1977

Changes in Property Tax by Sector 2003 - 2004

Type of Property	2004 % of value	2004 % of tax	Change in Tax (value)
Residential	64.0	61.6	9.6% (value up by 11.3%)
Commercial	25.1	28.7	-0.1% (value even)
Agriculture	4.9	4.2	2.8% (value up by 1.1%)
Timber	1.1	0.9	-7.3% (value down 9.3%)
Operating (utilities & RR)	4.6	4.4	-3.9% (value down 3.9%)

Changes in Property Tax Use 2003 – 2004 by taxing district type

Type of District	Change in Property Tax
County	+ 6.4%
City	+ 6.3%
School	+ 4.3%
M&O	+ 3.8%
Override	+ 2.6%
Bond	+ 4.8%
Plant Facilities	+ 5.9%
Highway & County Road & Bridge	+ 6.4%
Junior College	+ 6.2%
All Other	+ 7.5%

Chart III
Comparison of 2003 & 2004 Property Taxes and
Effects of 2004 Homeowner's Exemption on Individual Property

12/17/2004

Location	Type of Property	2003 Property Taxes (\$)	2004 Property Taxes (\$)	% Change 2003 - 2004	2004 Tax Without Homeowner's Exempt. (\$)	% Change in 2004 Tax if NO Home. Exempt
Urban	Owner Occupied Residential*	1,051	1,112	5.8%	1,621	45.8%
Urban	Commercial	2,421	2,418	-0.1%	2,015	-16.7%
Rural	Owner Occupied Residential*	738	777	5.4%	1,139	46.6%
Rural	Commercial	1,768	1,781	0.7%	1,503	-15.6%
Rural	Farm	3,204	3,334	4.1%	3,298	-1.1%

Dynamics of Property Tax

In a Budget (\$) Driven System

System Change (What if...)

Increase homeowner's exemption:

- a. \$50,000 limit
- b. Add land (\$ limit same)
- c. Add land (\$ limit higher)
- d. 50% limit (\$ limit same)
- e. 50% limit (\$ limit higher)

Cap assessed value changes:
Homes or all property

Increase circuit breaker:
Benefits, income limits,
or add new groups

Property Tax Shift

Commercial, rental, farm, AND:

- a. homes below \$100,000
- b. \$100,000+ homes, MH
- c. Mobile homes, 2nd homes
- d. \$100,000+ homes
- e. Mobile homes, 2nd homes

Properties appreciating slowly
including farms, and property
which depreciates such as
business personal property

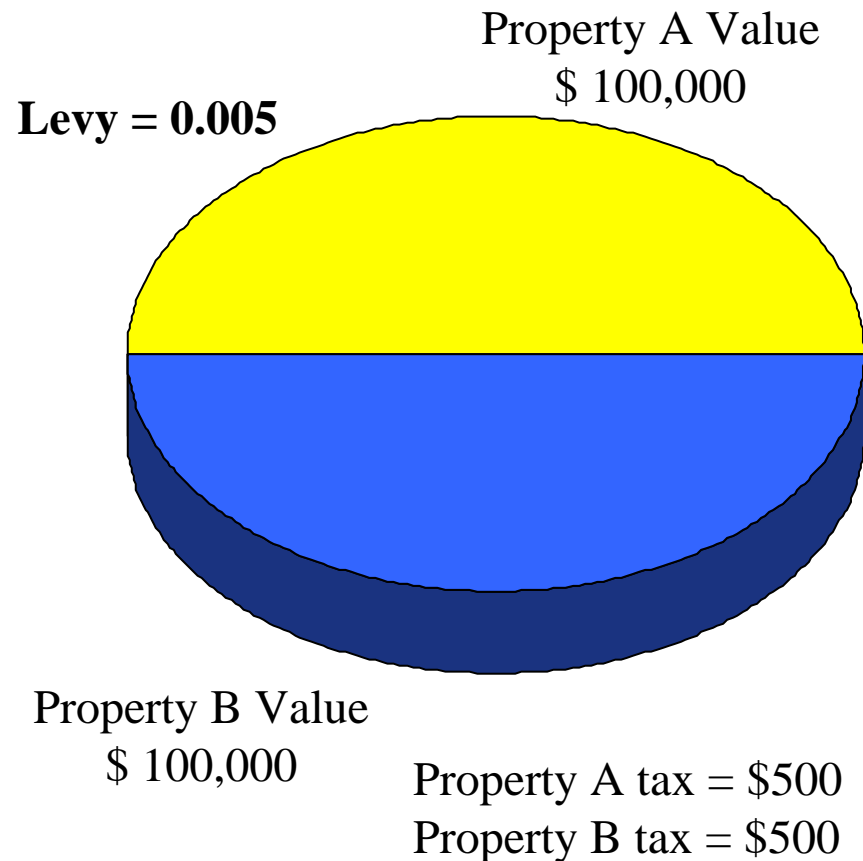
No property tax shift
Replacement from state taxes

Assumes that same amount of money is to be raised

Effect of Value Increase Limits

Assume total taxes frozen; amount to be raised for each year is \$ 1,000

Prior Year



Current Year

